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Finance and
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2006/07
Annual Service Plan Report



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Message from the Minister and Accountability Statement

The British Columbia public sector is broad ranging and complex. Yet I am continually reminded that it is people who ultimately deliver the programs and services that help make British Columbia such a great place to live, work, and raise a family.

I feel very privileged to be associated not only with the talented individuals at the Ministry of Finance but with the thousands public servants who provide an amazing range of services to British Columbians. From hospitals to highways, policing to parks — our public sector employees touch every community in our province.

I am pleased that in 2006/07 we were able to recognize the contributions of more than 314,000 public sector workers through the ground breaking Negotiating Framework. The Framework helped the Province reach agreements covering more than 98 per cent of all public sector workers, including the first agreement reached with teachers since province-wide bargaining began in 1994. I congratulate the negotiators on both sides for their creativity and dedication in reaching agreements that were fair, affordable, and that met the needs of employees, employers and taxpayers.

The success of the Negotiating Framework was made possible by the Province's solid financial foundation — a foundation that rests with B.C.'s ongoing commitment to balanced budgets and a strong economy. The B.C. economy continued its exceptional performance in 2006/07, helping the Province achieve its third consecutive fiscal surplus and debt reduction.

This performance was also noticed by the international investment community. British Columbia received two credit rating upgrades in 2006/07, including a boost to Aaa from Moody's Investor Services, its highest possible rating.

The same focus that helped B.C. reach one of the best credit ratings in the world is the same approach that allows us to expand and improve the programs and services that British Columbians rely on. With a strong economy and prudent fiscal plan, every budget provides an opportunity to direct new resources on B.C.'s priorities. The 2005 budget helped low-income seniors; in 2006 the focus was on children, while B.C.'s 2007 budget concentrated on housing.

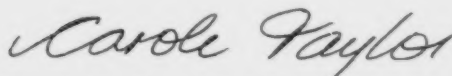
Given the importance of B.C.'s economy in sustaining these initiatives, 2006/07 saw the Province continue its efforts to keep our economy strong. Tax reductions to keep our economy competitive included tax relief for homeowners, extension of enhanced tax credit rates for film production, PST improvements for machinery, equipment and software services and, beginning in 2007, a 10 per cent personal income tax reduction on income up to \$100,000. To help meet the

growing demand for skilled workers, the Province also introduced the BC Training Tax Credit Program to provide refundable tax credits for employees and employers engaged in apprenticeship programs administered through the Industry Training Authority.

With all these changes and improvements to programs and services, it is more important than ever to keep British Columbians informed. The Public Affairs Bureau ensures that information is available to the public and the media. It supports initiatives such as the Conversation on Health and the Budget Consultation Paper that in the fall of 2006 helped to generate a record number of budget submissions from individuals across British Columbia. I am pleased with the Bureau's success in making this information more accessible to ethnic communities and local media.

On behalf of British Columbians, I thank all ministry staff for their professionalism and dedication during the past year. Their contributions have led to the significant achievements outlined in this report, and are a big part of the success of B.C.'s programs and services.

The 2006/07 Ministry of Finance Annual Service Plan Report compares the actual results to the expected results identified in the ministry's 2006/07 – 2008/09 Service Plan. I am accountable for those results as reported.



Honourable Carole Taylor
Minister of Finance

June 15, 2007

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Highlights of the Year

- **Ongoing Fiscal Stewardship** — The ministry continued to maintain government's commitment to a balanced budget and fiscal plan. On February 20, 2007, the government tabled a fiscal plan in the Legislature with surpluses of \$400 million in 2007/08 and \$150 million in each of 2008/09 and 2009/10. These planned surpluses will be achieved while increasing the funding for health care, education, social services, housing, and providing tax reductions to meet housing challenges in a growing economy.
- **Balanced Budget** — The ministry played a central role in maintaining the government's balanced budget plan and achieved B.C.'s third consecutive budget surplus. The 2006/07 *Public Accounts* reported a \$4.1 billion surplus, \$3.5 billion higher than originally estimated in *Budget 2006*.
- **A Strong, Competitive and Vibrant Economy** — The 2007 Budget implemented a number of changes directed at maintaining and improving competitiveness. Highlights include:
 - a 10 per cent personal income tax reduction on the first \$100 thousand of income;
 - increased the first time home buyers' exemption threshold to \$375 thousand in all regions of the province;
 - extended the Scientific Research and Experimental Development Tax Credit to 2014 and the Book Publishing Tax Credit to 2012; and
 - enhanced the Mining Exploration Tax Credit in mountain pine beetle areas.
- **Taxpayer-supported debt to GDP ratio** — Lower debt levels and a robust provincial economy served to reduce B.C.'s taxpayer-supported debt to GDP ratio — a key measure of debt affordability. In 2006/07, the debt to GDP ratio fell to 14.1 per cent, down from 16.1 per cent the previous year, and is a cumulative 31.6 per cent reduction from three years ago (March 31, 2004) when the ratio was 20.6 per cent.
- **Credit Rating Upgrades**
 - Moody's, one of the world's leading credit rating agencies, boosted B.C.'s credit rating from Aa1 to Aaa, the highest rating possible from Moody's. This is the first time since 1983 British Columbia's credit rating has been Aaa from Moody's.
 - In May 2007, Dominion Bond Rating Service (DBRS) raised British Columbia's credit rating to AA (high) from AA, citing the province's track record of fiscal discipline, budget surpluses, improved tax competitiveness, and progress at reducing British Columbia's debt-to-GDP to its lowest level in over 15 years. This marks the first time that the province has ever held an AA (high) rating from DBRS and places B.C. second in DBRS's provincial rankings next to Alberta which, along with the Government of Canada, is rated AAA.

- **Public Sector Negotiating Framework** — Negotiators reached 55 agreements covering 75 per cent of public sector workers by March 31st, 2006 and a further 109 agreements were reached by March 31, 2007 for a total of 164 agreements covering 98 per cent of all public sector workers.
- **Financial Reporting Practices** — British Columbia continues to lead Canadian provinces in financial reporting practices through full application of Generally Accepted Accounting Principles across the entire government reporting entity, and bringing a strong voice and presence to both national and international accounting standards setting organizations.
- **Shareholder's Expectations Manual** — Crown Agencies Secretariat published British Columbia's first ever Government's Shareholder Expectations Manual for Crown Agencies. The manual documents the Province's leading governance practices which provide Crown Agencies with superior means to achieve government's policy and performance expectations in an open, transparent and accountable manner. The manual won a top contender award for public sector governance from the Conference Board of Canada.
- **Organizational Excellence** — Debt Management Branch and Corporate and Project Finance Branch were winners of Premier's Innovation and Excellence Award for Organizational Excellence. The Award for Organizational Excellence recognizes an organization that is aligned around a clear vision, demonstrates trust and a team attitude, has staff who are involved, empowered and valued, and uses best-practices and innovative approaches to achieve superior results.
- **Efficient and effective financial and corporate regulatory frameworks and services that protect the public interests:**
 - Legislation adopted for a uniform *Securities Transfer Act* based on the Uniform Law Commission's model statute. This legislation provides a sound legal foundation for the holding and transfer of security instruments, consistent with international recommendations and the legal rules currently in place in the United States.
 - Amendments to the *Business Corporations Act* were passed to keep the legislation up-to-date and innovative, including provisions that allow for the creation of unlimited liability companies.
 - Amendments to the *Real Estate Services Act* and the *Real Estate Development Marketing Act* were passed to enhance consumer protection, as well as to make technical and housekeeping amendments.

Purpose of Ministry

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal and taxation policies. The ministry conducts business in a manner that upholds government's values as identified in the Province of British Columbia's Strategic Plan, and continues to focus on the priorities that will ensure the Province's success in meeting its fiscal objectives.

Key financial statutes for which the ministry is administratively responsible include the *Financial Administration Act*, *Budget Transparency and Accountability Act*, *Balanced Budget and Ministerial Accountability Act* and the *Financial Information Act*. These statutes establish the framework and limits for accounting and financial activity, ensure the right of the public to open and accountable annual budgets, and complete disclosure of all the assumptions upon which fiscal forecasts and provincial budgets are based. These statutes require ministries and Crown corporations to annually release three-year service plans with concrete goals and performance measures and to publicly report against those plans each year. The statutes also prohibit the tabling of deficit budgets, and require certain Crown corporations and other public bodies to annually publish information on employee remuneration and supplier payments.

Services provided by the ministry include:

- oversight of financial management practices and controls;
- banking, accounting, risk and debt management services;
- fiscal and economic planning and reporting;
- policy development to regulate the financial and real estate sectors;
- implementation and administration of a framework for government's management of its Crown corporations;
- establish the public sector negotiating framework and ensure compliance during the bargaining process; and
- acts as the Registrar of corporate entities, personal property and manufactured homes.

Ministry publications include the annual Budget and Fiscal Plan, *Estimates*, *Public Accounts* and Quarterly Reports, Financial and Economic Reviews for the province. These documents are available at <http://www.fin.gov.bc.ca/pubs.htm>.

Ministry clients include Treasury Board, Cabinet, ministries, Crown corporations, boards and commissions, agencies, businesses, public sector employers' associations, investors and financial-sector agencies (see Appendix A for a list of Crown corporations, boards and agencies for which the Minister of Finance is responsible).

The Minister of Finance also is the Minister Responsible for Partnerships BC. Visit <http://www.partnershipsbc.ca/> for more information including their service plan and annual service plan report.

Strategic Context

British Columbia's economy is performing at an exceptional level. Growth in GDP for 2006 is estimated to have been 3.6 per cent. Strong consumer spending and investment helped make British Columbia's economic growth rate the second highest among provinces in 2006, behind Alberta. B.C.'s economic growth was accompanied by a marked drop in the unemployment rate and strong personal income growth. We have the lowest unemployment rate (4.8 per cent) and the lowest youth unemployment rate (8.2 per cent) in 30 years.

In 2006/07, government maintained its balanced budget plan and achieved its third consecutive surplus. The surplus resulted in lower debt levels, which, when combined with the robust provincial economy, resulted in a further reduction in B.C.'s taxpayer-supported debt to GDP ratio. The combination of fiscal responsibility and reduced debt resulted in a credit rating upgrade from Moody's Investors Service.

On the wage front, 2006/07 saw the continued success of the public sector negotiating framework that was initiated in the previous year, with most of the remaining agreements being reached, including the first freely negotiated province-wide agreement between the B.C. Teachers' Federation and the B.C. Public School Employers' Association.

Key Challenges

Demographics and Skill Shortages — According to the B.C. Competition Council, human resources and skill shortage issues are the number one concern for B.C. companies. B.C.'s robust economic growth and record low unemployment rate have increased the shortage of highly-skilled people that businesses need to grow and expand. The external demand for financial and policy positions that require specialized education and experience (e.g., CGA's, CMA's, CA's, risk managers, capital market professionals, business analysts, economists, public policy analysts etc.) means the ministry must be competitive in recruiting and retaining staff. The ministry continues to develop and implement recruitment strategies included in the ministry's workforce human resources plan, including careers on the ministry's website, increased outreach to post-secondary institutions and professional associations, and the hiring of a Talent Manager dedicated to recruiting for ministry at-risk and specialized positions. Additionally, the ministry will continue to recruit recent graduates through the Graduate Development Program (within Treasury Board Staff), as well as create and implement new development programs such as the accounting designation work experience program (within the Office of the Comptroller General) and the Certified Financial Analyst program (within Provincial Treasury).

Accounting Standards — The legislated implementation of Generally Accepted Accounting Principles (GAAP) requires that provincial reporting be consistent with the most recent accounting standards. The continuing trend of adopting international accounting standards increases reporting complexity and the need for qualified accounting professionals. The ministry continues to:

- Evaluate business processes and related accounting policies within both core government and affected broader public sector organizations.
- Hold regular meetings with the Accounting and Policy Advisory Committee (APAC) to discuss developments in Generally Accepted Accounting Principles (GAAP).
- Contribute to the harmonization of Canadian GAAP with international accounting standard to ensure that they will provide transparent accounting and reporting of the provincial public accounts.

Strong Canadian Dollar — The appreciation of the Canadian dollar slowed but continued in 2006/07. In early April 2006, the dollar was valued at 85.3 cents US and, by the end of March 2007, it had climbed to nearly 87.0 cents US. Both of these figures are up from the 78.0 cents US average in 2004. The dollar also gained internationally against many other currencies.

Export Growth Rooted in the Resource Industries - Strong commodity prices have supported the province's economic and export growth. Any downturn in prices will be buffered by the strength of the service sector which accounts for 4 out of 5 jobs in B.C. and a reduced dependence on resource extraction which accounts for only 9 per cent of employment compared to 13 per cent in 1990.

Volatility of economic and commodity market — Economic and commodity market fluctuations and unexpected shocks (e.g., terrorism, avian flu and forest fires) could affect revenues, personal and corporation income taxes and other revenues as well as increase government expenditures. Despite a significant reduction in natural gas prices and higher than expected forest fire costs, strong economic growth resulted in higher taxation revenue with a result that the 2006/07 forecast allowance was not required. The ministry continues to use prudent assumptions in the preparation of the fiscal plan, including the use of forecast allowances to mitigate the risks inherent in revenue and expense projections.

United States Security and Trade Restrictions — Some export dependent, and goods transportation industries face market access risks from new and proposed United States anti-terrorism rules and heightened security at borders. Heightened security measures will also have an impact on security reviews conducted for prospective immigrants.

Key Economic Development Opportunities

Competitive Tax Environment — The globalization of economic and financial markets will increase competition for investment. In 2006/07, B.C. reinforced its reputation as an attractive location to live and work by announcing its third reduction of personal income tax rates since 2000. Rates were reduced by about 5 per cent for the 2007 tax year and 10 per cent for 2008 and subsequent years. B.C. now has the lowest Provincial income taxes for personal incomes up to \$108,000. The province also has competitive corporate income tax rates and incentives for Research and Development.

Eliminating Trade Barriers — B.C. is leading the way to eliminate barriers to internal and international trade. The B.C.-Alberta Trade, Investment and Labour Mobility Agreement is Canada's most comprehensive internal trade agreement, creating a market of 7.7 million people and Canada's second largest economy. It sends a signal to the rest of the world that B.C. and Alberta are serious about building a highly competitive and prosperous region. B.C. is also co-chairing the development of an Action Plan on International Markets and Trade for the Council of the Federation. B.C. supports all efforts to reduce or eliminate barriers to trade and investment, particularly in Asia Pacific markets. B.C. is participating with the federal government in efforts to expand international trade opportunities for services and to achieve bilateral free trade, investment, and air transportation agreements with jurisdictions such as South Korea, Singapore, and the European Union.

New Capital Standards — Inflationary demands may cause pressure on capital spending. The new capital standard which requires full consideration of P3's for major projects over \$20 million was developed in 2006/07 to ensure public-sector agency capital asset acquisitions provide the best value for money possible over the life of the asset.

Asia Pacific Initiative — B.C. is Canada's gateway to the growing Asia Pacific region. Establishing B.C. as the pre-eminent trade and cultural hub between Asia and North America (which includes trade, commerce, education, transportation, immigration, innovation and culture) will ensure all British Columbians and Canadians benefit from our growing relationship with and proximity to the Asia Pacific. Asia's dramatic demographic changes have created a demand for not only our traditional resource products, but also new products and services in areas such as urban infrastructure design, planning and development; engineering; clean technology; health care; and tourism — all areas where B.C. has expertise and a competitive advantage.

Additional Information — Further information on B.C.'s financial and economic performance is provided in the 2006/07 third *Quarterly Report*, which can be found in Part 4 of the *Budget and Fiscal Plan 2007/08–2009/10* <http://www.bcbudget.gov.bc.ca/2007/bfp/default.html#12>, released on February 20, 2007.

Report on Performance

The following table provides a comparison of actual results with targets as set in the 2006/07 Annual Service Plan. Further information on the targets can be found in the pages to follow including details on trends, selection rationale, data sources and a discussion of the results.

Performance Plan Summary Table

Goal 1: A sustainable fiscal environment built on a balanced budget For greater detail see pages 14 to 17	2006/07 Target	2006/07 Actual
1.1 Effective management of government's fiscal plan		
Achieve annual targets for provincial budget	Balanced Budget	EXCEEDED
Taxpayer-supported debt to GDP ratio	15.8 %	14.1% EXCEEDED
Provincial credit rating	Aa1	Aaa EXCEEDED

Goal 2: A strong, competitive and vibrant economy For greater detail see pages 17 to 20	2006/07 Target	2006/07 Actual
2.1 A fair and competitive tax environment		
Provincial ranking of corporate income tax rates	Remain in lowest 4	ACHIEVED
Provincial ranking of personal income tax rates for the bottom two tax brackets	Lowest	ACHIEVED
2.2 Efficient and effective financial and corporate regulatory frameworks and registry services that protect the public interest	N/A	N/A

Goal 3: Effective financial, governance, accountability and performance framework For greater detail see pages 20 to 29	2006/07 Target	2006/07 Actual
3.1 Effective risk-based cash and debt management		
Debt service costs (Provincial ranking)	Second lowest	ACHIEVED
3.2 Enhance risk-based management of government's resources		
Annual savings from self-insurance (five-year rolling average)	\$60.8 M	\$68.0 M EXCEEDED
Post-payment monitoring and Internal Audit savings	\$6.4 M	\$36.5 M EXCEEDED

Goal 3: Effective financial, governance, accountability and performance framework For greater detail see pages 20 to 29	2006/07 Target	2006/07 Actual
3.3 Transparent and accountable financial and procurement policies and practices Percentage of responses to ministerial correspondence within two weeks (based on the CLIFF data tracking of the administration of correspondence)	80%	28% NOT ACHIEVED
3.4 Meet statutory reporting requirements and comply with GAAP in all material respects Release of Public Accounts by June 30th with an unqualified audit opinion from the Office of the Auditor General	Last Thursday before June 30, 2007	DATA NOT YET AVAILABLE
3.5 Crown corporations are publicly accountable to taxpayers both in the delivery of their programs and services and in fiscal management Shareholder's Letter of Expectations in place for all applicable Crown corporations	100%	100% ACHIEVED
3.6 Effective management of public sector labour relations and human resource strategy Public sector cost changes over the 2005/06 compensation base	Spending within four year envelope	ACHIEVED

Goals, Objectives, Strategies and Performance Results

The ministry collects and utilizes data from reliable independent and government sources in its development of the targets and performance measures in the Annual Service Plan. The sources include major credit rating agencies, Public Accounts and provincial statutes. The ministry's Corporate Planning Secretariat provides quality assurance in the development of all aspects of the Service Plan. The ministry monitors the performance measures in the Service Plan on a quarterly and exception basis, and introduces corrective action as necessary to ensure that the ministry achieves its goals. To provide a comparative basis for the performance measures, baseline actuals are included with the targets. For information about the 2006/07 performance measure methodologies, please visit the following website:

<http://www.fin.gov.bc.ca/serviceplan/2006-07/methodologies.htm>.

Goal 1: A sustainable fiscal environment built on a balanced budget

A sustainable fiscal environment is a cornerstone in maintaining confidence in British Columbia's economy as well as providing a stable foundation on which to sustain and enhance the delivery of public services. A sustainable fiscal environment also supports a strong and vibrant economy, and provides the means to develop excellence in education, promote healthy living, support people at risk, protect our environment and create jobs for British Columbians. Fiscal responsibility today means that the cost of current public services will not be passed on to future generations.

Objective 1.1: Effective management of government's fiscal plan

Government is committed to achieving a declining taxpayer-supported debt to GDP ratio. Development and maintenance of a prudent and resilient fiscal plan is critical to government's ability to achieve a sustainable fiscal environment. The ministry plays a critical role in overseeing the fiscal plan and works closely with ministries, Crown agencies and other public sector partners to ensure that government's annual and three-year revenue and expenditure targets are met.

Strategies

In 2006/07 the following key strategies were used to achieve the objective:

1. Full integration of Crown corporations and the schools, universities, colleges and health authorities sector into the fiscal planning process:
 - The fiscal planning process in 2006/07 included the integration of service delivery agency (including schools, universities, colleges and health authorities) projections with their related ministry's budget proposals as part of an overall budget presentation to Treasury Board.
2. Continual update of government's three-year fiscal plan, including monitoring and corrective action as required:
 - The Budget 2006 three-year fiscal plan was updated in the first Quarterly Report for 2006/07 based on a mid-year revised economic outlook. The updated fiscal plan formed the fiscal framework used in budget consultation and the deliberations of Treasury Board leading to the Budget 2007 fiscal plan.
 - Commercial Crown corporation and service delivery agency (including SUCH sector agency) multi-year projections in the fiscal plan are reviewed on a quarterly basis in order to proactively identify issues that may affect the fiscal plan.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Achieve annual targets for provincial budget	\$2.7 billion surplus	\$3.1 billion surplus	Balanced Budget	\$2.9 billion surplus EXCEEDED

Data Sources: Budget and three-year Fiscal Plan

Ministry and Crown Agency Service Plans — overall spending targets

Estimates — detailed spending information for the year ahead

Quarterly Reports — forecast prepared by ministries, commercial Crown corporations and service delivery agencies (including the SUCH sector)

Public Accounts — annual summary of actual government spending and revenues

The Office of the Auditor General will audit the year-end financial statements for government and thus validate the results reported in the Public Accounts.

Discussion of Results

The achievement of annual and three-year targets outlined by ministries in their Service Plans provides a meaningful status report on the government's commitment to maintain a balanced provincial budget. Ministry of Finance staff work with the respective ministries, Crown corporations and service delivery agencies, including school districts, universities, colleges and health care organizations, to monitor progress in meeting the approved expense and revenue targets.

The balanced budget performance target is defined as the 2006/07 Budget Estimate in the Budget and Fiscal Plan 2006/07–2008/09, a \$600 million surplus. Government's ability to balance the budget and adhere to its fiscal plan is measured by a comparison of actual expenses and revenues (as detailed in the Public Accounts) with budgeted expense and revenue targets (as detailed in the *Estimates*) at the overall government level.

The target for 2006/07 was exceeded, mainly due to stronger than expected taxation revenue and commercial Crown corporation net income, partially offset by lower than expected natural resource revenue and negotiating framework incentive payments for contracts ratified after March 31, 2006.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Taxpayer-supported debt to GDP ratio	18.2%	16.1%	15.8%	14.1% EXCEEDED

Data Sources: Budget and Three-Year Fiscal Plan and the Public Accounts.

Note: See provincial comparison of taxpayer-supported debt as a per cent of GDP in Appendix E.

Discussion of Results

Maintaining a relatively low taxpayer-supported debt to GDP ratio signifies a healthy balance sheet and ensures that debt remains affordable. Rating agencies rely on this balance-sheet measure as a key credit rating consideration.

Success in meeting the target is determined by comparing British Columbia's taxpayer-supported debt to GDP performance from the current year to the previous year as reported in the Public Accounts. The target is achieved if the current year's ratio is lower than the previous year's.

This target was exceeded due to lower debt levels and higher economic performance than expected. Government plans to maintain a declining trend for the taxpayer-supported debt to GDP ratio and will monitor this trend using a three-year moving average.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Provincial credit rating (Moody's Investors Service)	Aa1	Aa1	Aa1	Aaa EXCEEDED

Data Source: Moody's Investors Service ratings.

Note: See table of comparative provincial credit ratings in Appendix E.

Discussion of Results

This target was exceeded when Moody's upgraded the Province's credit rating to Aaa from Aa1 in October 2006, citing a "well-structured fiscal framework, leading to a reduced debt burden" and the expectation of further improvements in debt ratios over the medium term. With this upgrade, British Columbia joins the Province of Alberta and the Government of Canada as Aaa rated entities.

Due to our high credit rating, the interest rate paid by the Province when it borrows in the domestic and international capital markets will be lower. In determining a credit rating, agencies consider the borrower's ability to promptly pay the interest and principal due based upon the borrower's balance sheet and income statement. In the case of the Province, rating agencies evaluate taxpayer-support debt as a percentage of GDP, and the significance of interest owing as a percentage of gross revenues. Agencies also consider the government's track record of being a prudent fiscal manager, its reporting accuracy and transparency, the economic outlook and business and consumer confidence in the economy.

Goal 2: A strong, competitive and vibrant economy

The Ministry of Finance plays an essential role in the creation and maintenance of a tax and regulatory climate that supports economic development and employment opportunities. The ministry continuously reviews provincial tax policies, including business tax policies, to ensure the Province remains competitive.

Objective 2.1: A fair and competitive tax environment

The Province's ability to develop a strong and vibrant economy is dependent upon having a tax environment that is competitive both nationally and internationally. Jurisdictions with competitive tax regimes and regulatory frameworks are more successful in attracting and retaining personal and business investment. Taking advantage of these opportunities enhances economic development and increases the revenues available to support critical government services including health care and education. In addition, a tax system that is perceived to be fair increases the confidence of British Columbians in their government.

Strategies

In 2006/07 the following key strategies were used to achieve the objective:

1. Ongoing review of the Province's tax system in comparison to other jurisdictions.
Budget 2007 included a number of announcements/changes directed at maintaining and improving competitiveness:
 - Introduced a ten per cent personal income tax cut on the first \$100,000 of income;
 - Increased the first-time home buyers' exemption threshold to \$375,000 in all areas of the province;
 - Extended the Scientific Research and Experimental Development Tax Credit to 2014;
 - Enhanced the Mining Exploration Tax Credit for exploration activity in mountain pine beetle affected areas;
 - Extended the Book Publishing Tax Credit for five more years to 2012; and
 - Implemented changes to consumption tax statutes to reduce compliance burden for business and simplify specific exemptions.
2. Analysis of potential reforms to maintain and improve competitiveness.

Performance Results

Performance Measure	2004/05 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Provincial ranking of corporate income tax rates (compared to other jurisdictions in Canada)	In the lowest 4	Remain in the lowest 4	Remain in the lowest 4	Remain in the lowest 4 ACHIEVED

Data Source: Published legislation from all ten provinces.

Discussion of Results

This measure compares the general corporate income tax rate in B.C. against other provinces in Canada by comparing provincial statutes in effect as of March 31st each year. A competitive tax environment fosters economic growth by encouraging business investment and promoting a business friendly environment.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Provincial ranking of personal income tax rates for the bottom two tax brackets (compared to other jurisdictions in Canada)	Lowest	Lowest	Lowest	Lowest TARGET ACHIEVED

Data Sources: Personal income tax legislation and budgets from all 10 provinces.

Discussion of Results

This performance measure provides a comparison of British Columbia's tax rates for the bottom two brackets, with those of the other ten provinces. If British Columbia has the lowest personal income tax rate for the bottom two tax brackets the performance measure has been achieved. With annual indexing, British Columbia's bottom two tax brackets, have risen to \$67,511 in 2006 from \$60,009 in 2000.

Keeping the personal income tax rates low is consistent with the objective of maintaining a competitive tax system that encourages investment and innovation.

Objective 2.2: Efficient and effective financial and corporate regulatory frameworks and registry services that protect the public interest

An efficient and effective regulatory and policy framework promotes investment and innovation in the province. Unnecessary regulatory requirements increase the cost of doing business in the province resulting in wasted time and effort for both individuals and businesses. Conversely, streamlined legislative and policy frameworks supported by the electronic delivery of services can achieve the same outcomes while acting as a driver for further business development and investment and continuing to foster consumer confidence.

Strategies

In 2006/07 the following key strategies were used to achieve the objective:

1. Updating and implementing new legislative frameworks for streamlined financial and corporate sector regulation:
 - Legislation was developed in consultation with other provinces for a uniform *Securities Transfer Act* based on the Uniform Law Commission's model statute, with consequential amendments to the *Personal Property Security Act*, *Business Corporations Act* and other statutes. This legislation was passed in the Spring 2007 legislative session and

provides a sound legal foundation for the holding and transfer of security instruments, consistent with international recommendations and the legal rules currently in place in the United States.

- Legislative amendments to the *Business Corporations Act*, the *Real Estate Services Act*, the *Real Estate Development Marketing Act*, and the *Cooperative Association Act* were passed in the Spring 2007 to keep this legislation up to date and innovative.
 - Building on work started in 2005/06 a Discussion Paper was released on the modernization of the *Insurance Act* which has not been updated for many years. Other provinces have indicated that they will be monitoring our review so that they may consider adopting harmonized provisions. This will be a major contribution to the updating of business framework law in B.C. and Canada.
 - The ministry is engaging in focused consultations on issues relating to private pension plans, and is developing strategies to address emerging policy issues.
 - Ministry policy and Registries staff played a key role in negotiating terms under the newly ratified Alberta-British Columbia Trade, Investment and Labour Mobility Agreement to streamline business registration and reporting requirements.
2. Expansion of electronic service delivery initiatives:
- More than 98 per cent of estimated companies in British Columbia successfully filed a transition application by the March 28th, 2006 deadline, as required under the *Business Corporations Act*.

Goal 3: Effective financial governance, accountability and performance framework

The Ministry of Finance is responsible for government's overall financial management, governance, accountability and performance framework for ministries and the broader public sector. This involves the establishment of appropriate legislation, policies and procedures and reporting at a corporate level to ensure the Province's resources and obligations are appropriately managed in support of effective service delivery. This framework reinforces individual and corporate accountabilities for outcomes, maintains standards for stewardship of resources, management of liabilities and risk, and the collection and disbursement of public funds. Key activities include financial procurement and accounting policy development, internal audit and advisory services, risk management, compliance monitoring, and financial and economic reporting.

Objective 3.1: Effective risk-based cash and debt management

In 2006/07, government managed cash flows of approximately \$100 billion and the debt service cost for the taxpayer-supported debt portfolio was \$1.5 billion. Ongoing improvement in the management of these cash and debt activities offers significant opportunities to reduce costs and redirect government resources to priority services.

Strategies

In 2006/07 a number of key strategies were used to achieve the objective:

1. Development of models and systems to maximize investment returns on surplus cash and to minimize borrowing costs and requirements:
2. Comprehensive support for credit rating analysis and investor relations activities:
 - Following the first Quarterly Report released on September 15, 2006, Moody's Investors Service, one of the three credit rating agencies, upgraded the Province's credit rating to Aaa from Aa1 in October, 2006.
3. Negotiated banking services for government as a whole:
 - The ministry achieved competitive rates by leveraging economies of scale for banking services. In comparing banking fees charged to the Province against an industry survey (Stewart Associates), the ministry achieved 69 per cent of the industry average rate for general banking fees — 31 per cent lower than market.
4. Use of technological advancements (e.g., e-banking services) to create financial and administrative efficiencies and savings within ministries:
 - Implemented fourteen e-payment services with client ministries in 2006/07, and added American Express as a credit card payment option for Internet payments.
 - Implemented a new state-of-the-art straight-through-processing debt management system, replacing a number of legacy systems and spreadsheets. The new system significantly enhances the ability to manage the debt portfolio. It also significantly reduces the risk of errors, as data is entered once only, and is stored in a single database.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Estimate
Debt service costs (Provincial ranking)	Second Lowest	Second Lowest	Second Lowest	Second Lowest ACHIEVED

Data Source: Moody's Investors Service. The final report is available by July/August of each year.

Note: See provincial comparison of the ratio of taxpayer supported debt service costs to taxpayer-supported revenue in Appendix E.

Discussion of Results

The Province of B.C. continues to have the second lowest debt service cost compared to other Canadian jurisdictions. A relatively low ratio of taxpayer-supported debt service cost to taxpayer-supported revenues or "interest bite" demonstrates fiscal prudence and an affordable debt burden. Rating agencies rely on this measure as one among a number of important credit rating considerations.

For every dollar of revenue that the government collects, Moody's estimated in May 2006 that as of March 31st, 2007 approximately 5.5 cents goes towards debt servicing costs.

If Moody's Investors Service ranking of British Columbia's debt service costs relative to the other provinces is equal to or lower than the target level, the performance measure has been achieved.

Objective 3.2: Enhance risk-based management of government's resources

Creation of risk-based frameworks that reinforce individual and corporate accountabilities provides opportunities to reduce unnecessary constraints, realize efficiencies and improve outcomes. Risk-based practices are adopted only if they can demonstrate consistency with government priorities and add value using an optimal mix of resources and funding.

Strategies

In 2006/07 a number of key strategies were used to achieve the objective:

1. Assistance with implementation of Enterprise-wide Risk Management practices:
 - assisted ministries and public sector entities in applying the Enterprise-wide Risk Management methodology to business plans, projects, programs and policy development.
 - advised clients on the design and implementation of their own risk management regimes.
 - facilitated sessions, and through coaching and training, helped build capacity within client organizations to integrate Enterprise-wide Risk Management methods into existing management practice.
2. Risk-based audit planning:
 - a risk-based approach is used in developing all ministry and cross government corporate audit plans. The Deputy Ministers' Committee on Internal Audit ensures audit resources are focused in the value added areas.
3. Development and use of best practices in risk-based compliance and controls monitoring:
 - continuous controls monitoring technology was implemented to reduce loss to government and improve financial controls.
 - an Integrated Statistical Sampling Approach was developed to report both policy and compliance and potential loss for financial, procurement and payment processes.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Annual savings from self-insurance (five year rolling average)	\$47.5 M	\$60.5 M	\$60.8 M	\$68.0 M EXCEEDED

Data Source: Ministry of Finance Risk Management Branch.

Discussion of Results

The Ministry of Finance's coordination of public sector self-insurance programs allows the provincial government to cost-effectively retain selected risks rather than transfer them at a premium to third parties. Self-insurance involves government assuming the role of a traditional insurer by investigating, defending and paying claims. Since 1986, self-insurance programs have saved the Province more than \$750 million. These cost savings allow participating ministries, hospitals, health care agencies, school boards and social service agencies to direct their resources instead to the delivery of core services.

Private insurance costs increased significantly during the past five years, reflecting the cyclical nature of the insurance industry and lower returns on investments. The self-insurance program has not experienced the same cyclical downturn, and as a result has generated savings in excess of the target.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Post-payment monitoring, and Internal Audit Savings	\$16.4 M	\$14.4 M	\$6.4 M	\$36.5 M EXCEEDED

Data Sources: Internal Audit and Advisory services recommendations and post-payment monitoring efficiency savings.

Discussion of Results

This measure demonstrates savings from utilizing a risk-based approach for compliance and controls monitoring and potential annual benefits (five-year average) from implementing Internal Audit and Advisory Services and Activity Based Management Branch recommendations.

The ministry's delivery of cross government risk-based financial processing and independent management review services, and through consulting services that combine costing and process analysis to assist programs in improving performance and reducing costs, provide a basis for evaluating its adoption of best practices and savings. Savings are achieved through the adoption of audit recommendations, more effective compliance and controls monitoring mechanisms payment review procedures.

Objective 3.3: Transparent and accountable financial and procurement policies and practices

The ministry supports a variety of external communications such as preparing the budget consultation paper, budget and fiscal plan, quarterly reports and the Public Accounts, Fiscal and Economic Review, meeting with investors and bond rating agencies, and responding to general and *Freedom of Information and Protection of Privacy Act* inquiries. In supporting the goal of effective financial, governance, accountability and performance frameworks within government, the ministry plays a key role in development and continuous improvement of these frameworks, providing training and advice and ongoing monitoring of implementation. These areas include financial management and controls, procurement and accounting policies, Crown corporation governance and other outcome-based policies and practices.

Strategy

Responsiveness to Minister enquiries is an important measure of accountability for the Ministry of Finance. The ministry will continue to focus on improvement to meet the target of 80 per cent responses within a two-week period to ensure correspondents receive timely and relevant information.

Performance Results

Performance Measure	2004/05 Baseline	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of responses to ministerial within two weeks	22%	47.75%	80%	28% NOT ACHIEVED

Data Source: Ministry of Finance CLIFF Tracking System.

Discussion of Results

As seen above, the percentage of responses to ministerial correspondence within two weeks for the 2006/07 fiscal was 28 per cent. During the same period, volume of correspondence increased by 60 per cent over the previous year.

The data is based on a comparison of the total number of logs in CLIFF assigned to the ministry from the minister's office to the number responded to within a two-week period.

Ministry Response

To improve the result for 2007/08, the ministry has hired a communications writer to assist with the backlog, and has streamlined the sign off procedures. The year to date results for 2007/08 show a marked improvement of 85 per cent.

The ministry will continue to strive to achieve the ministry standard of responding to minister's correspondence within a two-week period to ensure correspondents receive timely and relevant information.

Objective 3.4: Meet statutory reporting requirements and comply with GAAP in all material respects

The *Budget Transparency and Accountability Act* requires that all accounting policies and practices applicable to public documents required to be released to the public such as the Budget and Public Accounts comply with Generally Accepted Accounting Principles. Adherence to Generally Accepted Accounting Principles requires monitoring of evolving accounting standards, consistent financial practices across government and full transparency for the use of public funds. This transparency is critical for ensuring that British Columbians and the investment community have the information they need to make informed decisions and confidence in government's finances.

Strategy

Ongoing monitoring of, and adherence to, Generally Accepted Accounting Principles's evolving accounting standards; adoption of technology to improve the reporting processes; working with the Auditor General and the Accounting Policy Advisory Committee on accounting and reporting issues; and greater fiscal planning integration with the schools, universities, colleges and health authorities sector.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Release of Public Accounts by June 30th with an unqualified audit opinion from the Office of the Auditor General	June 29, 2005	July 17, 2006	June 29, 2007	DATA NOT YET AVAILABLE

Data Sources: Release of the Public Accounts. Members of the Public Sector Accounting Board have established specific accounting standards with representation from the provinces, territories and the federal government. The objectives of the project will be compared with it achievements and financial reporting to ensure that Generally Accepted Accounting Principles is fully implemented.

Discussion of Results

This activity measure and outcome captures timeliness, accuracy and completeness of government financial reporting. Timely release of financial reporting is critical for effective use of the information and helps instill public confidence in government's ability to manage its resources. Recent performance and future targets provide more timely reporting than required in the *Budget Transparency and Accountability Act*, which requires the release of the province's financial

statements in the form of the Public Accounts by August 31st, following each March 31st, fiscal year end. An unqualified opinion from the Auditor General that the public accounts comply with Generally Accepted Accounting Principles provides an objective and independent assessment that government has met the Generally Accepted Accounting Principles standard for disclosure of its financial information, further increasing confidence in the reliability of that information.

Objective 3.5: Crown corporations are publicly accountable to taxpayers both in the delivery of their programs and service and in fiscal management

Crown corporations are separate legal entities established by the provincial government. Crown corporations are classified as Commercial, including those that generate revenue as a result of obtaining fees for goods and services delivered such as BC Hydro, or service delivery, including those taxpayer-supported entities that deliver goods and/or services based on ministry policies such as BC Housing.

Crown corporations are accountable to the government through a Minister Responsible, and have assigned/delegated authority and responsibility from government, or otherwise have statutory authority and responsibility to perform specified functions or services.

The Ministry of Finance is responsible for developing and implementing a framework for strategically and systematically overseeing Crown corporations. An effective governance system will aid both government and Crown corporations by ensuring Crown corporations focus on the activities necessary to fulfill their mandates while at the same time ensuring they are being managed in the public interest.

Strategies

In 2006/07, the following key strategies were used to achieve the objective:

1. Develop and implement an effective governance framework for government's management of its Crown corporations in British Columbia:
 - Published the first ever Shareholder Expectations Manual to clearly set out the governance roles and responsibilities of Crown agencies and government; and
 - Hosted the first ever national meeting for government Crown agency governance and oversight bodies across Canada in order to share good practices.
2. Provide training and advice to ministry and Crown corporation officials to ensure that their roles under the framework are understood and their responsibilities are discharged:
 - Hosted three Government Crown Agency Forums to discuss governance, planning, budgeting, reporting and whole of Crown sector policy issues.

3. Clearly outline government's expectations of Crown corporations through Shareholder's Letter of Expectations and make these publicly available on government's website:
 - Updated templates and facilitated the execution of Shareholder Letters for all applicable Crown corporations.
4. Provide input on policy issues that impact all Crown agencies:
 - Provided responses to Report from Auditor General on Crown Agency audit committee practices.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Shareholder's Letter of Expectations in place for all applicable Crown corporations	80%	93%	100%	100% ACHIEVED

Data Source: All completed Shareholder's Letter of Expectations are signed by the Minister Responsible and the Chair of Board of the Crown corporation, and posted on the Crown Agencies Secretariat website at: <http://www.gov.bc.ca/cas/rpts/default.htm>.

Discussion of Results

The Shareholder's Letter of Expectations is a key component of the Crown Agency Accountability System. Shareholder's Letter of Expectations are signed by the Minister Responsible as representative of government (the shareholder) and the Chair of the Board as representative of the Crown corporation. The letters are designed to ensure a shared understanding between the shareholder and Crown corporation on key governance issues, corporate mandate and core services, public policy issues, strategic priorities and performance expectations and serves as the foundation for the development of annual Crown corporation Service Plans. Shareholder's Letter of Expectations are reviewed at least annually and updated as required.

This measure is the ratio of the number of completed and publicly available Shareholder Letters to the number of Crown corporations for which the requirement to have a Shareholder's Letter applies.

Objective 3.6: Effective management of public sector labour relations and human resource strategy

Public sector labour costs comprise a significant portion of the provincial budget. Accordingly, effective management of the Province's fiscal plan requires the establishment of appropriate and sustainable compensation levels. Labour market analysis and frameworks are also critical for attracting and retaining highly-skilled workers critical to the delivery of many public services.

Strategies

In 2006/07 the following key strategies were set out to achieve the objective:

1. Maintenance of a compensation and bargaining mandate framework that incorporates fiscal goals, policy, program decisions and labour market considerations. The ministry set out a \$6.0 billion, multi-year negotiating framework to guide public sector labour agreements. As of March 31st, 2007, 164 agreements have been reached under the Province's negotiating framework, covering more than 98 per cent of British Columbia's 324,000 public sector workers. Agreements extended through to March 31st, 2010 at the earliest and the vast majority received ratification approvals in excess of 90 per cent. Major components include:
 - \$1 billion as an incentive to reach new agreements before the expiry of current agreements;
 - \$4.7 billion over four years (2006/07 – 2009/10) for annual compensation increases; and
 - Up to \$300 million dividend in 2009/10 for agreements that extend to March 31st, 2010 or later, subject to the surplus exceeding \$150 million.
2. A long-term strategy for effective management of labour relations that addresses shortages of critical-skilled occupations in the public sector is also underway. The negotiating framework settlement included the introduction of market adjustments to base salaries to enable government to compete with the private sector for qualified professionals. As well, all competitions for positions in the public service are posted internally as well as externally, allowing for the broadest range of possible applicants.

Performance Results

Performance Measure	2004/05 Actual	2005/06 Baseline	2006/07 Target	2006/07 Actual
Public Sector cost changes over 2005/06 compensation base	N/A	\$17.52 B	Ensure spending is within the four year envelope of \$4.7 B above the 2005/06 compensation base.	\$419.65 M ACHIEVED

Data Source: Public Sector Employers' Council Secretariat (PSEC).

Discussion of Results

The measure is based upon the Negotiating Framework annual allocation for the 2006/07 year which was \$420 million of the four-year allocation of up to \$4.7 billion. The actual costs came in at \$419.65 million.

The Service Plan estimate of this measure included the initial size of the compensation base for 2005/06 as context for this measure (\$17.2 billion). While the compensation base was estimated as \$17.2 billion, updated compensation information gathered for bargaining determined it was actually \$17.5 billion. This change in the compensation base number is due to updated reporting by public sector employers (\$326.0 million), long-term costs from previous settlements (\$16.2 million) and ministry policy and program costs increases (\$179.8 million).

Comparison of year-over-year increases to the compensation base is derived from analysis of costs resulting from changes to collective agreements as well as payroll information pertaining to excluded and executive employees.

Report on Resources

The Ministry of Finance *Estimates* for 2006/07 were \$48.888 million. During the year Ministry Operations received a contingency access of \$1.532 million, which is related to the negotiated employee salary increase as of April 1, 2006, which was not included in the original approved/published budgets. During 2006/07 the ministry managed the budget to the original approved budgets. For the fiscal year ending March 31st, 2007, the Ministry of Finance under-spent its operating budget by \$6.031 million or 12 per cent as compared to the revised 2006/07 budget.

Base Funding — 2006/07 <i>Estimates</i>	\$48.888 M
Contingency Access — Negotiating Framework	1.532 M
Statutory Appropriation	<u>1.464 M</u>
Revised 2006/07 Budget	\$51.886 M
Net Operating Expenses	<u>45.855 M</u>
Operating Surplus	\$ 6.031 M

Most of this surplus is attributed to under-spending in the Strategic and Corporate Policy Division (\$3.282 million) due to increased economic activity resulting in increased fee recoveries.

Resource Summary Table

The following table summarizes the budgeted and actual expenses for the ministry for fiscal 2006/07. Variances are calculated as "Actual" minus "Total Estimated" = "Variance," so that under spending is in brackets and overspending is without brackets.

Core Business Area	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Crown Agencies Secretariat	1,506	25	1,531	1,372	(159)
Treasury Board Staff	5,534	106	5,640	5,203	(437)
Office of the Comptroller General	6,756	107	6,863	6,731	(132)
Treasury	1	0	1	0	(1)
BC Registry Services	1	0	1	622	621
Strategic and Corporate Policy	3,512	72	3,584	302	(3,282)
Public Sector Employer's Council Secretariat	14,963	400	15,363	14,981	(382)
Executive and Support Services	16,615	824	17,439	15,180	(2,259)
Statutory Appropriation	0	1,464	1,464	1,464	0
Total	48,888	2,998	51,886	45,855	(6,031)
Other Appropriation — Operating Expenses (\$000)					
Insurance and Risk Management Account (Expense)	45,565	87	45,652	38,446	(7,206)
Insurance and Risk Management Account (Recovery)	(45,565)	0	(45,565)	(41,057)	4,508
Total	0	87	87	(2,611)	(2,698)
Full-time Equivalents (FTEs)					
Crown Agencies Secretariat	10	0	10	9	(1)
Treasury Board Staff	55	0	55	48	(7)
Office of the Comptroller General	134	0	134	108	(27)
Treasury	74	0	74	65	(9)
BC Registry Services	50	0	50	50	(0)
Strategic and Corporate Policy	133	0	133	120	(13)
Public Sector Employer's Council Secretariat	13	0	13	12	(1)
Executive and Support Services	154	0	154	145	(9)
Total	623	0	623	556	(67)

Core Business Area	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Other Appropriation — Full-time Equivalents (FTEs)					
Insurance and Risk Management Account	47	0	47	46	(1)
Total	47	0	47	46	(1)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Crown Agencies Secretariat	9	0	9	0	(9)
Treasury Board Staff	18	0	18	5	(13)
Office of the Comptroller General	336	0	336	157	(179)
Treasury	724	0	724	407	(317)
BC Registry Services	2,110	0	2,110	2,375	265
Strategic and Corporate Policy	358	0	358	258	(100)
Public Sector Employer's Council Secretariat	8	0	8	0	(8)
Executive and Support Services	254	0	254	13	(241)
Total	3,817	0	3,817	3,215	(602)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Insurance and Risk Management Account	1,130	0	1,130	461	(669)
Total	1,130	0	1,130	461	(669)

Core Business Area Descriptions

Crown Agencies Secretariat: This business area provides for the strategic and systematic oversight of Crown agencies, including analysis, advice, and coordination on governance, accountability, strategic priorities, performance planning, reporting and measurement, and cross Crown Agency issues and policies.

Treasury Board Staff: This business area provides for financial management advice to government including advice on economic performance, ministry spending, revenue, capital and debt. This business area also provides for: development and management of the provincial government's budget and three year fiscal plan; production of the Budget and Fiscal Plan, the *Estimates*, Quarterly Reports and other related documents; development of economic, revenue and spending forecasts and plans; and advice and recommendations to Treasury Board on financial management issues. Costs are partially recovered from ministries and parties external to government for services provided within this business area.

Office of the Comptroller General: This business area provides for reporting on financial transactions, including ad hoc, monthly and quarterly financial reporting and Public Accounts; governance over financial management, procurement and unclaimed property legislation, policy and procedures; analysis and advice on financial administration, accounting and procurement policy issues and process improvements; post payment policy compliance monitoring and reporting, and monitoring and strengthening the control framework; payment diversion; activity based management reviews; internal audit and management advisory services pertaining to internal financial and management controls; performance management, accountability, and risk management; special audit investigations; and pre- and post implementation reviews of major information technology systems. Recoveries are received from ministries and Crown corporations for the services provided within this business area.

Treasury: This business area provides for debt management and banking and cash management services to the government, government bodies and other authorized organizations. Debt management services include: management of the government's borrowing and fiscal agency loan programs; advisory and arranger services in relation to corporate and project finance initiatives; investor and rating agency relations; accounting, reporting, forecasting and analysis services relating to the debt of the government reporting entity and the organizations within it; and related financing and liability management services. Banking and cash management services include: negotiation and management of banking contracts and credit arrangements; development of government banking policy; cash management of the Consolidated Revenue Fund and related funds; payment and revenue consolidation services; advisory services and support in relation to electronic banking and payments; and banking and cash management related services. Costs are recovered from ministries including from the Management of Public Funds and Debt Vote, Crown corporations and parties external to government for services provided within this business area.

BC Registry Services: This business area provides for the registration of all business entities, non-profit organizations and cooperatives that operate in British Columbia; the registration and maintenance of security interests (liens) against personal property; the registration of ownership and location of manufactured homes in the province; and the operation of the Auditor Certification Board under the *Business Corporations Act*. In addition the business area provides for the operation of the One Stop Business Registry providing one stop business registration and information with multiple public sector agencies; one stop business change of address with multiple agencies; and the operation of the B.C. Business Number Hub providing a unique business number identifier for business to interact with all levels of government. This business area also provides for Registry and Business Number Hub services to other governments or their agencies on a fee-for services basis. Recoveries are received from parties external to government for services provided within this business area.

Strategic and Corporate Policy: This business area provides for policy analysis and advice to government respecting the legislative frameworks for the regulation of the securities industry and the financial services sector, including credit unions, trust companies, insurance companies, insurance distribution intermediaries, captive insurance companies, mortgage brokers, real estate licensees and the real estate market, as well as the legislative frameworks applicable to pension plans, companies, societies, partnerships, condominiums, and the use of personal property as collateral for loans and various liens. In addition this business area also provides for advising the Minister and government on tax policy and on intergovernmental fiscal relations, support of treaty and non-treaty arrangements with First Nations through the development of financial, tax and fiscal policy mandates and provides for negotiations of financial, tax and fiscal arrangements with First Nations and the federal government. This business area also provides for operation of the Financial Institutions Commission, the Credit Union Deposit Insurance Corporation and the Financial Services Tribunal. It provides for the administrative costs of regulating credit unions, trust companies, insurance companies, captive insurance companies, provincial pension plans, mortgage brokers, sub-mortgage brokers, and multi-family real estate developments. It also provides for the oversight of regulated real estate professionals and for the administration of strata property approvals. Recoveries are received from parties internal and external to government for services provided within this business area.

Public Sector Employers' Council Secretariat: This business area provides for the operation of the Public Sector Employers' Council and the Council Secretariat, as established under the *Public Sector Employers Act* (PSEA), and includes salaries and remuneration of the secretariat staff, government's financial contributions to employers' associations established under the PSEA and related expenses. The council sets and coordinates strategic directions in human resource management and labour relations, and advises government with respect to labour relations, pensions and compensation-related issues in the public sector. Costs are partially recovered from pension boards.

Executive and Support Services: This business area provides corporate services to the Ministry of Finance, the Ministry of Labour and Citizens' Services, Office of the Premier, the B.C. Public Service Agency (under the responsibility of the Ministry of Community Services) and other entities. Executive, strategic and administrative support for the ministry includes financial, human resources, business planning, information and systems management, freedom of information and privacy services, records services and funding in support of Partnerships British Columbia. This business area also provides for payment of travel expenses, including prescribed allowances to members of the Executive Council, Parliamentary Secretaries and related staff pursuant to Section 7 of the *Legislative Assembly Allowance and Pensions Act* and provides for corporate service expenses incurred for the Executive Council, Intergovernmental Relations, Ministers' offices and other offices. In addition, support is provided to Government House. Also included in Executive and Support Services is the office of the Minister of Finance, the Deputy Minister's Office. Recoveries are received from parties external and internal to government for services provided.

Other Appropriations

Insurance and Risk Management Account (IRMA): This account was established by the *Financial Administration Amendment Act, 1989*, for the purpose of providing insurance and/or risk management services to participants consisting of government bodies, ministries, public authorities, persons, and classes of persons or public authorities designated by regulation. The account is administered by the Ministry of Finance and also provides for the operation of the Risk Management Branch and Government Security Office which provides risk management; risk financing, including claims and litigation management; security and business continuity policy and advisory; and consulting services to the provincial public sector. Revenue and recoveries represent amounts paid into the account in respect of agreements or arrangements with participants, amounts required to be paid into it under regulations, amounts appropriated for the account by a *Supply Act*, and earnings of the account. Expenses represent amounts payable from the account in respect of agreements or arrangements with participants and amounts payable from the account in accordance with regulations including the cost of providing insurance and risk management services and of operating the account.

Ministry Contact Information

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For more information on the British Columbia Ministry of Finance, please visit our website at:
<http://www.gov.bc.ca/fin>

For more information on this and other ministry Service Plans and Annual Service Plan Reports, please visit:
<http://www.bcbudget.gov.bc.ca/2007/serviceplans.htm>

Public Affairs Bureau

Highlights of the Year

Throughout the 2006/07 fiscal year, the Public Affairs Bureau (Bureau) has supported government priorities by communicating the province's policies and programs to the public in a proactive, open and transparent manner. Following are some examples of key initiatives and announcements supported by the Bureau through provision of communication materials including speaking notes, press releases and media relations support:

- **Initialled three Final Agreements** — These historic agreements with the Lheidli T'enneh Band, the Tsawwassen First Nations and the Maa-nulth First Nations were the first to be initialled under the BC Treaty Commission Process.
- **Campus 2020 announcement July 17–November 21** — By far the most coverage, long-term but, mixed; provided opportunities for students to highlight tuition costs; and achieved discourse goal in public.
- **FrontCounter BC — Delivering service to citizens and business when and where needed** — FrontCounter BC is accessible across the province in over 60 locations, as well as toll-free. FrontCounter BC Asia Pacific in Surrey serves clients in 11 languages in addition to English. The Province has contributed \$225 thousand to the Nānwakolas Council to develop a First Nations equivalent of FrontCounter BC. PAB planned opening events for seven FrontCounter BC offices in 2006–07: Prince George, Nanaimo, Williams Lake, Cranbrook, Smithers, Surrey and Victoria.
- **Green Cities project** — Four new programs were launched under the Green Cities umbrella: LocalMotion, Towns for Tomorrow, BC Spirit Squares and Green City Awards, which will provide \$83.5 million in grants and project funding for B.C. municipalities.
- **Premier's Council on Aging and Seniors' Issues** — Responded to the recommendations to the Council's "Aging Well in British Columbia" report which provides suggestions for action in a number of key areas to ensure B.C.'s rapidly growing seniors population continues to participate in their communities and live healthy, independent lives.
- **Province launches new literacy plan** — In January, the Premier announced government's \$27 million literacy plan called ReadNow BC. One highlight was the \$5 million expansion of government's StrongStart early learning centre program; another highlight was the toll-free reading hotline 1-888-Read234. ReadNow BC is an integral part of the Province's Pacific Leadership Agenda, which lays out how government will move beyond its current success and achieve its great goals, including making B.C. the best educated, most literate jurisdiction on the continent.
- **Creating the Best System of Support for Persons with Disabilities** — To advance the Disability Strategy, the 10 by 10 Challenge was launched by Minister Richmond and

Vancouver Mayor Sam Sullivan at the 2006 Union of British Columbia Municipalities General Meeting. Since its launch, the 10 by 10 Challenge has been well received throughout the province, with 27 communities participating to date. Gordon Campbell provided the Rick Hansen Man In Motion Foundation with a \$15 million contribution help improve the quality of life for people with spinal cord injuries. The WorkAble Solutions website, another tool in the Disability Strategy was launched. Located at <http://www.workablesolutionsbc.ca>, the site connects persons with disabilities who are looking for work with employers that have jobs available. Included on the site is a directory where jobs are posted and applicants can submit their resumes and apply online.

- **Helping British Columbia Become the Healthiest Jurisdiction to Host the Olympic and Paralympic Games** — Launched during National Non-Smoking Week. The \$1.27 million Quit Smoking Now! pilot project provides — free of charge — nicotine replacement therapy patches or chewing gum to welfare recipients who want to stop smoking. Liaising with public servants, PAB organized the announcement, produced both written and spoken materials and secured media opportunities for the Minister. Since its launch, more than 3,100 welfare clients have enrolled in the project — exceeding all expectations.
- **Negotiating Framework** — As of April 1, 2007, 163 agreements have been reached covering more than 314 thousand employees — approximately 98 per cent of all public sector employees. This includes the first agreement reached with teachers since province-wide bargaining began in 1994. All of the agreements are four or more years in duration, and run to March 31, 2010 at the earliest.
- **Wildfire Prevention and Awareness** — About half of B.C.'s wildfires are started by people, who typically let a backyard burn get away from them, or fail to douse their campfires. PAB staff are working to educate the public about wildfire prevention using a variety of tools — consistent messaging in news releases and in responding to media requests, and through a significant informational advertising campaign led by PAB Corporate Communications.
- **Flood Mitigation** — With high snow pack levels across the province, and at record levels in many areas, government provided a \$33 million flood mitigation assistance package to help local governments prepare for possible flooding.
- **Provincewide Public Information Campaigns** — Over 2006/07 PAB developed and launched major multimedia campaigns supporting government priorities like crystal meth addiction, ActNow BC, Conversation on Health, budget consultation, winter and summer tourism, forest fire prevention and problem gambling. Each campaign has a unique objective, often calling the public to action via government websites or toll-free lines. An example of the kind of impact these campaigns generate is seen in summer tourism. During the time of the summer tourism campaign, Tourism BC saw a 23 per cent rise in web traffic from B.C. and a 96 per cent increase in HelloBC bookings.
- **PAB support across the government** — PAB produced 2,029 press releases, more than 1200 graphic/items and designs and coordinated 120 special events.

Purpose of the Public Affairs Bureau

The Public Affairs Bureau leads and coordinates communications with internal and external stakeholders, ensuring that citizens are informed about government policies, programs and services and that information is communicated in an open and transparent manner. The Bureau plays a key role by ensuring essential mechanisms are available to communicate — whether it is advertising, media relations, events, community relations, e-links, or cross promotion. Our goal is to give citizens quick and easy access to the information they need — when they need it.

Clients include citizens of British Columbia, members of the media, the Premier's Office, members of Cabinet, senior government officials and ministry program staff.

Services provided by the Bureau include:

- fact-based information;
- corporate communications;
- communications planning;
- media relations;
- news releases;
- speech writing;
- logistical support;
- writing and graphic design services;
- event management;
- online clipping service;
- technical support to the Press Theatre in the Legislature; and
- developing online applications in support of new initiatives.

Strategic Context

The past year has seen many gains in proactively communicating with key audiences such as the crystal meth prevention campaign, problem gambling and public health and safety information campaigns. The Public Affairs Bureau has built on these and other key cross government priorities to maximize reach and awareness (through cross promotion) while effectively utilizing human and financial resources.

While continuing to support issues management and the use of traditional communications tools, the Bureau worked towards a new level of communications — one that balances reactive issues management with proactive communications messaging. There must be communications research, strategic planning, input into major submissions and policies so that proactive strategies can be developed. Given the competition in the market place to “attract the public’s eye and ear,” we must use new, innovative, ways to reach our target audiences whether at the grass roots of our communities or international investors.

Much has been achieved over the past and British Columbia has a powerful story to tell. We sought to balance the reactive and moved towards becoming more engaged and proactive in telling this story of accomplishment across ministry lines, across the province and around the world.

Risks and Opportunities

Existing resources within the Public Affairs Bureau are more focused on issues management while expanding opportunities to engage in proactive communications planning. While issues management is critical to protecting the reputation of government, providing our key audiences with proactive and balanced information is key to enhancing public confidence and balance. There is an opportunity to achieve some very real gains using the power of communications to reach out to the grassroots of our communities and to strengthen our relationship with the media not only in the regional markets of British Columbia but across North America and around the world.

The ability to create proactive strategies which link to the Five Great Goals and straddle cross government priorities was key to both the management of risk and taking full advantage of the skills reflected in the Bureau team and opportunities to serve and inform citizens.

Report on Performance

Performance Plan Summary Table

Goal 1: Inform citizen's of government policies, programs and services For greater detail see pages 41 to 43	2006/07 Target	2006/07 Actual
1.1 Communication of information that is timely, relevant and readily accessible.		
Percentage of major communications plans/campaigns with evaluation mechanisms	Being Developed	100% ACHIEVED
Performance monitoring to be undertaken with client ministries	Being Developed	100% ACHIEVED
In partnership with ministry program staff provide timely briefings to ministers on emerging issues	Being Developed	Combined in 1.1.2
Goal 2: Government communicates in an open and transparent manner. For greater detail see pages 43 to 45	2006/07 Target	2006/07 Actual
2.1 Communication of government's policies and programs to the public in a consistent and informative manner.		
Percentage of ministry service plans published on the government website	100%	100% ACHIEVED
Percentage of ministry annual service plan reports published on the government website	100%	100% ACHIEVED
2.2 Communication of fact-based information to the public.		
Provide initial response to the media within one hour of enquiry	96%	97.29% EXCEEDED
Completion of response within media deadline	96%	98.22% EXCEEDED

Goals, Objectives, Strategies and Performance Results

Goal 1: Inform citizens of government policies, programs and services

British Columbians will be informed of the programs and services provided by government and understand the challenges the government faces by providing information through a variety of sources including Members of the Legislative Assembly, media, public events and forums, public policy studies, fact-based public information and awareness initiatives as well as a variety of communications support materials.

Objective 1.1: Communication of information that is timely, relevant and readily accessible

Ensuring all British Columbians receive information that is timely, relevant and readily accessible regarding government policies and programs is essential to informing British Columbians of the programs and services available from government and the decisions taken by government on their behalf.

Strategies

- Created a central communications capacity process to proactively coordinate strategic communications in order to support the government's strategic approach.
- Made information more accessible, timely and relevant through a variety of traditional and non-traditional means.
- Communicated with British Columbians through both the use of traditional mechanisms (announcements, paid and earned media) but also by introducing new marketing approaches to ensure our messages are reaching citizens where they live (for example, partnerships with the public or private sectors to distribute info).

Performance Results

Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of major communications plans/campaigns with evaluation mechanisms	Being Developed	Being Developed	Establish Baseline	100% ACHIEVED
Performance monitoring to be undertaken with client ministries	Being Developed	Being Developed	Establish Baseline	100% ACHIEVED
In partnership with ministry program staff provide timely briefings to ministers on emerging issues	Being Developed	Being Developed	Being Developed	N / A

Discussion of Results

- Major campaigns are defined as significant province wide programs, new cross ministry, or high strategic priority plans/campaigns identified throughout the course of the year.
- Corporate communications was responsible for tracking which campaigns have evaluation mechanisms in place and to calculate the percentage in place at the end of fiscal year for purposes of establishing the baseline for 2006/07. A baseline has been established at 100 per cent — target for future years will be to maintain this level.

- Subsequent to development of the 2006/07 service plan, a decision was taken to combine the performance measure for providing timely briefings to ministers on emerging issues with the performance measure for undertaking performance monitoring with client ministries, creating a new performance measure to establish a customer satisfaction rating.
- A customer satisfaction rating was established by conducting interviews, with ministers and deputy ministers. A 30 per cent sample rate (equivalent to six ministries) was established and the rating was calculated by dividing the number of ratings at "Satisfactory" or better by the number of interviews conducted. A baseline has been established at 100 per cent — target for future years will be to maintain this level.

Goal 2: Government communicates in an open and transparent manner

By communicating in an open and transparent manner, citizens will understand the challenges faced by government related to the policy decisions taken on their behalf; have access to information regarding the direction of government programs and services over a three year period; and have access to information regarding the accomplishments of government in the previous year.

Objective 2.1: Communication of government's policies and programs to the public in a consistent and informative manner

Ensuring all British Columbians have access to or receive consistent information regarding government's policies and programs is essential to informing citizens of government planning decisions and accomplishments.

Strategies

- Reached out to ethnic communities/press and clients of government programs and services (such as seniors, small business operators and families).
- Made information more accessible in grassroots communities and to international media through innovative technologies and stakeholder relations; and
- Expanded use of e-services in support of cross government initiatives and/or themes. Examples include, ActNow BC electronic call to action, crystal meth electronic call to action, tips and tools, and the B.C. tourism campaign for bookings.

Performance Results

Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of ministry service plans posted to the government website	100%	100%	100%	100% ACHIEVED
Percentage of ministry annual service plan reports posted to the government website	100%	100%	100%	100% ACHIEVED

Discussion of Results

- Ministry services plans and annual service plan reports are a means of providing the public with information on government programs, services, and accomplishments in a consistent, easily accessible format.
- The Web Initiatives team monitored ministry activity in relation to posting service plans and service plan reports to ensure 100 per cent compliance. The target of 100 per cent was achieved.
- The 2007/08 – 2009/10 service plan no longer includes these performance measures, however, these materials will continue to be available to the public in the same manner and results achieved will be maintained.

Objective 2.2: Communication of fact-based information to the public

Ensuring British Columbians have access to or receive fact-based information regarding government policies and programs is essential to allowing citizens to form opinions based on fact and allows for informed public debate on decisions taken.

Strategies

- Supported the development of resources in key areas of government such as health care (including ActNow BC), advanced education, budget, forest fire prevention, crystal meth, tourism, problem gambling and the 2010 Olympic and Paralympic Winter Games.
- Provided factual information to the media to ensure the public receives the information needed to develop informed opinions and allow for informed public debate on decisions taken by government.

Performance Results

Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Provide initial response to media within one hour of enquiry	N/A	N/A	96%	97.29% EXCEEDED
Response to media completed within media deadline	N/A	N/A	96%	98.22% EXCEEDED

Discussion of Results

- Communications Offices monitored response times which were analyzed and rolled up on a monthly basis.
- Subsequent to the development of the 2006/07 Service Plan, a decision was taken to combine these measures into one measure to provide initial response to media within one hour of enquiry or within media deadline.
- Based on year-to-date results at February 28, 2007, a notional target of 96 per cent was established for 2006/07. The blended actual result for these measures saw 97.76 per cent of all media calls responded to with an initial response within one hour of enquiry or completed within the media deadline. Therefore the target for 06/07 was exceeded.

Report on Resources

The Public Affairs Bureau ended the 2006/07 fiscal year with a \$5.633 million surplus largely attributable to lower than anticipated spending on government advertising.

The following table summarizes the budgeted and actual expenses for the ministry for fiscal 2006/07. Variances are calculated as "Actual" minus "Total Estimated" = "Variance," so that under spending is in brackets and overspending is without brackets.

Core Business Area	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Public Affairs Bureau	34,724	360	35,084	29,451	(5,633)
Total	34,724	360	35,084	29,451	(5,633)
Full-time Equivalents (FTEs)					
Public Affairs Bureau	216	000	216	207	(9)
Total	216	000	216	207	(9)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Public Affairs Bureau	2,305	0,000	2,305	182	(2,123)
Total	2,305	0,000	2,305	182	(2,123)

Public Affairs Bureau provides for research, planning, coordination, and delivery of communications programs, policies, and services for ministries, special offices, and certain public bodies. Transfers may be provided to Crown corporations, ministries, other levels of government, special offices and private bodies for communications related activities. Recoveries may be received from ministries, special offices, Crown corporations and agencies, other levels of government, public bodies and parties external to government for services provided by the Bureau.

Annual Service Plan Report Appendices

Appendix A: Crown corporations, Boards and Agencies for which the Minister of Finance is the Minister Responsible

Crown corporations:

Partnerships British Columbia — visit <http://www.partnershipsbcc.ca> for more information.

Boards:

- Accounting Policy Advisory Committee
- Auditor Certification Board
- B.C. Investment Management Board
- Financial Institutions Commission
- Financial Services Tribunal
- Insurance Council of British Columbia
- Real Estate Foundation of British Columbia
- Real Estate Council of British Columbia

Appendix B: Ministry Operations Performance Measure Changes 2006/07 Compared to 2007/08

The ministry Service Plan goals continue to focus on financial sustainability, competitiveness and accountability. The 2007/08 Service Plan goals and performance measures remain largely unchanged from 2006/07. The revisions include:

Changes to Objectives

Objective 3.3 "Timely and transparent information to government and citizens" has been broadened to better align with the existing performance measure.

Objective 3.5 "Crown corporations are publicly accountable to taxpayers both in the delivery of their programs and services and in fiscal management" has been simplified to "Publicly accountable Crown Agency programs, services and fiscal management".

Changes to Performance Measures

The performance measure "Release of Public Accounts by June 30th with an unqualified audit opinion from the Office of the Auditor General" has been split into two separate measures under Objectives 3.3 and 3.4.

The targets "Provincial credit rating" under Objective 1.1 has been changed from Aa1 to Aaa, reflecting the Province's most recent credit rating upgrade. The Aaa rating is the highest possible rating provided to public and private sector organizations.

2006/07 Performance Measures	2007/08 Performance Measures	Status
1.1.2 Debt to GDP ratio.	1.1.2 Taxpayer-supported debt to GDP ratio.	Changed to more accurately describe the measure.
1.1.3 Provincial credit rating.	1.1.3 Provincial credit rating.	Target changed from Aa1 to Aaa.
3.2.2 Post-payment monitoring and Internal Audit savings.	3.2.2 Post-payment monitoring, and potential Internal Audit and activity based management savings.	Changed to more accurately describe the measure.
3.4.1 Release of public accounts by June 30 with an unqualified audit opinion from the Office of the Auditor General.	3.3.2 Release of Public Accounts by June 30th. 3.4.1 Obtain an unqualified audit opinion from the Office of the Auditor General on the Public Accounts.	NEW. Performance measure from Objective 3.4 was split into two performance measures. One is now reporting under Objective 3.3 "Timely and Transparent information to government and citizens".

Appendix C: Public Affairs Bureau

Performance Measure Changes 2006/07 Compared to 2007/08

Public Affairs Bureau continues to support government priorities by communicating the province's policies and programs to the public in a proactive, open and transparent manner. The 2007/08 Service Plan goals and performance measures remain largely unchanged from 2006/07. The revisions include:

Changes to Performance Measures

The measures for Goal 1, Objective 1, measures 1.1.2 and 1.1.3 have been combined into one measure; therefore the total measures have been reduced from three measures to two.

The measures for Goal 2, Objective 1, measures 2.1.1 and 2.1.2 have been removed.

The measures for Goal 2, Objective 2, measures 2.2.1 and 2.2.2 have been combined into one measure; therefore the total measures have been reduced from two measures to one.

2006/07 Performance Measures	2007/08 Performance Measures	Status
1.1.2 Performance monitoring to be undertaken with client ministries.	1.1.2 Customer satisfaction rating.	Changed to establish a more meaningful measure of performance.
1.1.3 In partnership with ministry program staff provide timely briefings to ministers on emerging issues.	1.1.2 Customer satisfaction rating.	Combined with 1.1.2.
2.1.1 Percentage of ministry service plans posted to the government website.	Removed.	No measure for this objective.
2.1.2 Percentage of ministry annual service plan reports posted to the government website.	Removed.	No measure for this objective.
2.2.1 Provide initial response to media within one hour of enquiry.	2.2.1 Provide initial response to the media within one hour of enquiry or within media deadline.	Changed to establish a more meaningful measure of performance.
2.2.2 Response to media completed within media deadline.	2.2.1 Provide initial response to the media within one hour of enquiry or within media deadline.	Combined with 2.2.1.

Appendix D: Ministry Operations Organizational Changes 2006/07 to 2007/08 Update

Organizational Changes

In October 2006, the First Nations Fiscal Branch of the Strategic and Corporate Policy Division was transferred to the Ministry of Aboriginal Relations and Reconciliation.

Effective April 1, 2007 the Business Continuity Planning (BCP) portion of the Risk Management Branch was transferred to the Ministry of Public Safety Solicitor General.

Name Changes — effective April 1, 2007 in the 2007/08 *Estimates*

Financial, Governance, Accounting and Reporting is now the Office of the Comptroller General

Corporate and Personal Property Registries is now B.C. Registry Services

Public Sector Employers' Council, is now Public Sector Employers' Council Secretariat

Appendix E: Interprovincial Comparison Statistic

Taxpayer-supported Debt as a per cent of GDP (Moody's)

Province	Taxpayer-supported Debt as a % of GDP ¹
British Columbia	14.1
Alberta	2.4
Saskatchewan	16.9
Manitoba	22.9
Ontario	25.7
Quebec	43.4
New Brunswick	29.6
Prince Edward Island	32.2
Nova Scotia	30.7
Newfoundland and Labrador	35.8

¹ Estimates for March 31, 2007 calculated in May 2007.

Ratio of Taxpayer-supported Debt Service Costs to Taxpayer-supported Revenues (Moody's)

Province	Ratio of Taxpayer-supported Debt Service Costs to Taxpayer-supported Revenues ¹
British Columbia	4.9
Alberta	0.8
Saskatchewan	7.1
Manitoba	8.3
Ontario	11.3
Quebec	12.8
New Brunswick	9.2
Prince Edward Island	10.2
Nova Scotia	12
Newfoundland and Labrador	10.1

¹ Estimates for March 31, 2007 calculated in May 2007.

Comparison of Provincial Credit Ratings (Moody's)

Province	Credit Rating	Outlook
British Columbia	Aaa	stable
Alberta	Aaa	stable
Saskatchewan	Aa1	stable
Manitoba	Aa1	stable
Ontario	Aa1	stable
Quebec	Aa2	stable
New Brunswick	Aa1	stable
Prince Edward Island	Aa2	stable
Nova Scotia	Aa2	stable
Newfoundland and Labrador	Aa2	stable

Moody's Investors Service, an internationally recognized credit rating agency, rates bonds in descending alphabetical order from A to C (highest to lowest: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C). Aaa is the highest possible rating, provided to those public and private sector organizations that offer excellent financial security and are generally considered high-grade entities.